

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-25 ISO-00 SS-20 EB-11 NSC-10 SCEM-02

TRSE-00 SCI-06 RSC-01 STR-08 L-03 H-03 /090 R

66614

DRAFTED BY: COM/554/BEWT/EE: RSEDWARDS

APPROVED BY: EB/OCA/REP: RCJORGENSEN

COM/554/BEWT/EE: RDSEVERANCE

COM/TDAD: JPFEIFFER

STATE/EUR/EE: ESEGALL

FEDERAL ENERGY OFFICE: RWRIGHT

COM: SLAZARUS

EB/EWT: MLORIMER

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R 112130Z JAN 74

FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST

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EO11652 NA

TAGS: BDIS: RO

SUBJ: TRADE COMPLAINTS: CIRILLO BROTHERS

REF: STATE 203042

1. CIRILLO CONTINUING TO RAISE COMPLAINT AGAINST
PETROLEXPORT FOR NON-DELIVERY OF FUEL OIL.

2. COMPANY COUNSEL MET JAN. 7 WITH DEPUTY ASSISTANT
SECRETARY LAZARUS. COUNSEL REPEATED CHARGES THAT
VIRTUALLY NO SHIPMENTS YET RECEIVED PER ORIGINAL MAY
1972 CONTRACT OR JUNE 1973 COMPROMISE REVISION. CIRILLO
FURTHER ALLEGES PETROLEXPORT SELLING FUEL OIL TO OTHER
U S FIRMS IN VIOLATION OF EXCLUSIVE IMPORT RIGHTS GRANTED
TO CIRILLO AND IN SPITE OF PETROLEXPORT CLAIMS ABOUT IN-
SUFFICIENT SUPPLY. (CIRILLO ASSERTS THAT NO. 4 FUEL

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OIL PROMISED COMES FROM ROMANIAN DOMESTIC SOURCES).

CIRILLO URGENTLY NEEDS SHIPMENTS THIS HEATING SEASON. COMPANY PRESIDENT HS CONSIDERED RAISING ISSUE WITH MEMBERS OF CONGRESS AS ARGUMENT AGAINST MFN, BUT COUNSEL HAS ADVISED AGAINST. COUNSEL MADE SIMILAR PRESENTATION SAME DAY TO LEIGH RATINER, DIRECTOR, OFFICE OF INTERNATIONAL POLITICAL AND SECURITY AFFAIRS, FEDERAL ENERGY OFFICE.

3. LAZARUS COMMENTED THAT CIRILLO WOULD HAVE TO BE REALISTIC AND FLEXIBLE ABOUT RENEGOTIATING PRICE TO REFLECT CURRENT WORLD MARKETS, BUT ADDED THAT COMPLETE ROMANIAN NON-ADHERENCE TO CONTRACTUAL OBLIGATIONS IS NOT ACCEPTABLE. HE WARNED, HOWEVER, THAT RAISING ISSUE WITH CONGRESS IN MFN CONTEXT WOULD DEFINITELY BE INAPPROPRIATE AND COUNTERPRODUCTIVE.

4. ON JAN. 10 LAZARUS RAISED PROBLEM WITH AMBASSADOR BOGDAN AND ASKED HIM TO CABLE FOREIGN TRADE MINISTER, EXPRESSING OUR CONCERN. BODGAN AGREED HELP SEEK SOLUTION BUT COULD MAKE NO PROMISES AS TO RESPONSE IN BUCHAREST. (BOGDAN HAS ALSO DISCUSSED PROBLEM WITH COMPANY COUNSEL AND WITH AMBASSADOR BARNES, AND STATE/EUR HAS CONTINUED TO RAISE WITH ROM EMB OFF.)

5. REQUEST EMBASSY SUPPORT WASHINGTON EFFORTS BY MAKING HIGH LEVEL DEMARCHE TO MFT AND MFA URGING THAT PETROL-EXPORT BE DIRECTED URGENTLY TO SEND REPRESENTATIVE TO U.S. TO NEGOTIATE NEW COMPROMISE, SINCE CIRILLO WENT TO BUCHAREST TO WORK OUT FIRST CONTRACT REVISION. IN LIGHT OF U.S. ENERGY SITUATION, USG PARTICULARLY DISTURBED CONCERNING CIRILLO BROTHERS DISPUTE; PETROLEXPORT'S FAILURE TO DELIVER JEOPARDIZES ABILITY TO SERVE U S FUEL REQUIREMENTS. YOU MAY WISH TO POINT OUT ROMANIANS AGREED DURING CEAUSESCU VISIT IN JOINT STATEMENT ON ECONOMIC COOPERATION TO "RE-AFFIRM THEIR DESIRE PROMPTLY AND EQUITABLY TO SETTLE ON AN AMICABLE BASIS COMMERCIAL DISPUTES WHICH MAY ARISE". THERE ARE, OF COURSE, SEVERAL OTHER U S IMPORTERS COMPLAINING ABOUT ROMANIAN NON-ADHERENCE TO CONTRACTS(INCLUDING, E.G. INTERNATIONAL AFFILIATES AND KAISER TRADING CO.). IF THIS PATTERN DOES NOT CHANGE, IT IS A PROBLEM WE WILL HAVE TO LIMITED OFFICIAL USE

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RAISE IN THE NEW ROMANIAN-AMERICAN ECONOMIC COMMISSION.
RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE006638
Document Source: CORE
Document Unique ID: 00
Drafter: COM/554/BEWT/EE: RSEDWARDS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740146/aaaabrwn.tel
Line Count: 109
Locator: TEXT ON-LINE
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 203042
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 30 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 MAY 2002 by shawdg>; APPROVED <30 MAY 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRADE COMPLAINTS: CIRILLO BROTHERS
TAGS: BDIS, RO
To: BUCHAREST
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005